

# District of Columbia: Appropriations for 2007

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## Summary

On February 6, 2006, the Bush Administration released its FY2007 budget request, which included \$597.2 million in proposed special federal payments to the District of Columbia. Four payments (court operations, defender services, offender supervision, and criminal justice coordination) represented \$455.767 million, or 76.3%, of the proposed \$597.2 million in total federal payments to the District requested by the Administration.

On May 9, 2006, the District's city council approved the city's \$9.2 billion operating budget for FY2007. The District's budget is submitted for the approval of Congress, as required by the District of Columbia Self-Government and Government Reorganization Act, P.L. 93-198 (87 Stat. 801). It also included \$2.6 billion in capital outlays, including an additional \$63 million to finance a new major league baseball stadium, and \$634 million in special federal payments. The 109<sup>th</sup> Congress was unable to complete its passage of the District Appropriations Act, but did include a provision in a continuing budget resolution allowing the District to implement its FY2007 Budget and Financial Plan (120 Stat. 1315).

On June 9, 2006, the House Appropriations Committee reported H.R. 5576—the Departments of Transportation, Treasury, and Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act for FY2007 (TTHUD). The House approved the bill on June 14, 2006. The Senate approved the District of Columbia Appropriations Act for FY2007, S. 3660, on July 13, 2006. The House bill would appropriate \$575.2 million in special federal payments to the District, including \$75.9 million in special federal payments in support of elementary, secondary, and post-secondary education initiatives. The Senate bill would appropriate \$597 million in special federal payments. The House bill also recommends \$478.8 million for criminal justice activities, including court operations, defender services, offender supervision, and the criminal justice coordinating council. This is \$11 million more than the \$467.8 million recommended by the Senate Appropriations Committee. The Senate bill would appropriate \$15 million in special federal payments for public library improvements and \$4 million for expansion of the Navy Yard Metro Station. The House bill does not include funding for library improvements. It does include \$20 million for expansion of the Navy Yard Metro Station, but not as a special federal payment to the District as requested by the Administration. Instead it would be funded as part of the federal Transportation Department's capital investment fund account.

Consistent with provisions included in previous appropriations acts, the House and Senate bills would prohibit the use of federal and District funds to finance or administer a needle exchange program; fund abortion services, except in an instance of rape or incest, or when the life of the mother is threatened; and implement the city's medical marijuana initiative, which would decriminalize the use of marijuana for medical purposes. The bills also include provisions that would prohibit the use of federal and District funds to support activities aimed at achieving statehood for the District or voting representation in Congress. This report will be updated as events warrant.

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The authority for congressional review and approval of the District's budget is derived from the Constitution and the District of Columbia Self-Government and Government Reorganization Act of 1973 (Home Rule Act).<sup>1</sup> The Constitution gives Congress the power to "exercise exclusive Legislation in all Cases whatsoever" pertaining to the District of Columbia. In 1973, Congress granted the city limited home rule powers and empowered citizens of the District to elect a mayor and city council, but Congress retained the power to review and approve all District laws including the District's annual budget. As required by the Home Rule Act, the city council must approve a budget within 50 days after receiving a budget proposal from the mayor. The approved budget must then be transmitted to the President, who forwards it to Congress for its review, modification, and approval.<sup>2</sup> Both the President's annual budget submission and Congress may propose financial assistance to the District in the form of special federal payments in support of specific activities or priorities.

**Table 1. Status of District of Columbia Appropriations, FY2007**

Committee Markup		House Report	House Passage	Senate Report	Senate Passage	Conf. Report	Conf. Report Approved		Public Law
House	Senate						House	Senate	
H.R. 5576 6/09/06	S. 3660 7/13/06	H.Rept. 109-495	6/14/06 (406-22)	S.Rept. 109-281					

On February 6, 2006, the President sent Congress his budget request for FY2007, which included a request for \$597.2 million in special federal payments to the District of Columbia. On June 9, 2006, the House Appropriations Committee reported H.R. 5576, the Departments of Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act for FY2007 (TTHUD). The measure, which the House approved June 14, 2006, includes \$575.2 million in special federal payments for the District of Columbia. On July 13, 2006, the Senate Appropriations Committee reported S. 3660, the District of Columbia Appropriations Act for FY2007. The bill would appropriate \$597 million in special federal payments for the District.

During the past several years Congress has provided special federal payments in support of tuition assistance for post-secondary education and for elementary and secondary education (K-12) school improvement. In support of post-secondary education, H.R. 5576 would provide \$35.1 million for the District of Columbia Tuition Assistance Grant (DCTAG) program, a \$2.2 million increase above the amount appropriated in FY2006. S. 3660 would provide \$33.2 million for the program, approximately \$0.3 million above the FY2006 appropriation and \$1.9 million less than recommended by the House. In support of K-12 school improvement, \$40.8 million would be provided under the House bill and \$40.0 million under the Senate bill to be allocated among public schools, public charter schools, and scholarship vouchers for students attending private elementary and secondary schools.

The House-approved bill does not include the \$30 million for central and branch library construction and renovation activities that was initially included the measure reported by the House Appropriations Committee. Nor does it include a special federal payment of \$20 million for enhancements to and expansion of the Navy Yard Metro Station. The funds were requested by the Administration and the District in anticipation of an increased federal presence due to the

<sup>1</sup> See Article I, Sec. 8, clause 17 of the U.S. Constitution and Section 446 of P.L. 93-198, (87 Stat. 801).

<sup>2</sup> 87 Stat. 801.

renovation of the Federal Center Southeast area and the construction of a major league baseball stadium for the Washington Nationals. Instead, the House bill would provide the requested \$20 million as an earmark under the Department of Transportation's capital investment account. The Senate bill includes \$15 million in special federal payments to support improvements in the city's library system, and it would provide a \$4 million special federal payment for improvements to the Navy Yard Metro Station. The Senate bill also includes \$4 million for marriage development account, \$2 million for foster care reforms, and \$4.5 million for bioterrorism preparedness and a forensic lab. These provisions were not included in the House measure.

Consistent with appropriations acts for previous fiscal years, the House and Senate measures would restrict or prohibit the use of District and federal funds to support a needle exchange program, abortion services, and a voter-approved medical marijuana initiative.

## Budget Request

### FY2007: The President's Budget Request

On February 6, 2006, the Bush Administration released its FY2007 budget request. The Administration's proposed budget included \$597.2 million in federal payments to the District of Columbia. More than three-quarters of the President's proposed federal payment is for the District's courts and criminal justice system.<sup>3</sup> This included \$196.6 million in support of court operations, \$43.5 million for Defender Services, and \$181.7 million for the Court Services and Offender Supervision Agency for the District of Columbia, an independent federal agency that has assumed management responsibility for the District's pretrial services, adult probation, and parole supervision functions. The Administration also requested \$1.3 million for the Criminal Justice Coordinating Council and \$32.7 million for the public defender's office. These four functions (court operations, defender-related services, offender supervision, and criminal justice coordination) represent \$455.8 million, or 76%, of the President's proposed \$597.2 million in federal payments to the District of Columbia. The President's budget request also included \$75.9 million in support of elementary and secondary education, and college tuition assistance (see **Table 2**). This represents 12.7% of the Administration's proposed federal payments to the District. Additionally, the Administration requested \$8.5 million for security planning, which is \$5.2 million less than appropriated in FY2006 (see **Table 2**).

### FY2007: District's Budget Request

On May 9, 2006, the District's city council unanimously approved the city's \$9.2 billion operating budget for FY2007 and forwarded it to the President for review, approval, and transmittal to Congress.<sup>4</sup> The proposed budget included a request for \$634 million in special federal payments. It would decrease local funding for public education by \$33.5 million (see **Table 3**), while seeking \$40.8 million in special federal payments for public schools (\$13.0 million), charter schools (\$13.0 million), and school vouchers (\$14.8 million) (see **Table 2**). The proposed budget would increase local funding for economic development and regulation by \$148

<sup>3</sup> U.S. Office of the President, *Budget of the United States Government, Fiscal Year 2007 Appendix* (Washington: GPO, 2006), pp. 1125-1126 and 1129-1138.

<sup>4</sup> Section 446 of the District of Columbia Self-Government and Government Reorganization Act, P.L. 93-198 (87 Stat. 801), as amended in 1989, requires a budget approved by the mayor and city council of the District of Columbia to be submitted to the President for transmittal to Congress.

million and human support services by \$98.6 million (see **Table 3**). The District budget would also provide \$115 million for the city's housing production trust fund in support of affordable housing and homeownership.

The District also requested \$35.1 million in a special federal payment for the District of Columbia Tuition Assistance Grants (DCTAG) program, a proposed increase of \$2.2 million above the federal government's FY2006 commitment.<sup>5</sup> In addition, the District requested \$5 million in special federal payments for construction of a hiking and biking trail along the Anacostia River and \$40 million in special federal payments to support security and emergency preparedness activities, including \$25 million for bioterrorism preparedness and \$15 million for emergency planning and security.

## **FY2007: Section 302(b) Suballocation**

Section 302(a) of the Congressional Budget Act of 1974 requires that the House and Senate pass a concurrent budget resolution establishing an aggregate spending ceiling (budget authority and outlays) for each fiscal year. These ceilings are used by House and Senate appropriators as a blueprint for allocating funds. Section 302(b) of the Congressional Budget Act requires appropriations committees in the House and Senate to subdivide their Section 302(a) allocation of budget authority and outlays among the 10 appropriations subcommittees in the House and the 12 appropriations subcommittees in the Senate. On June 6, 2006, the House Appropriations Committee approved a Section 302(b) suballocation of \$87.8 billion in budget authority for FY2007 to be allocated among the various programs and activities within the jurisdiction of the TTHUD Subcommittee.<sup>6</sup> On June 22, 2006, the Senate Appropriations Committee approved a \$597 million suballocation for the District of Columbia as part of its \$87.8 billion subcommittee spending allocation for FY2007.

## **Congressional Action on the Budget**

Congress not only appropriates federal payments to the District to fund certain activities, but also reviews the District's entire budget, including the expenditure of local funds. The House and Senate Appropriations Committees consider—and may modify—the District's budget. House and Senate versions of the District budget are reconciled in a joint conference committee and considered by the House and the Senate. After final passage, the District's budget is forwarded to the President, who can sign it into law or veto it.

## **House Bill**

On May 26, 2006, a House appropriations subcommittee conducted a markup of the TTHUD for FY2007 and forwarded the unnumbered bill, which was subsequently designated as H.R. 5576, to the full Appropriations Committee for its consideration. On June 6, 2006, the House Appropriations Committee ordered reported H.R. 5576, which included \$575.2 million in special federal payments for the District of Columbia (H.Rept. 109-495). As reported by the committee and approved by the House on June 14, 2006, the bill recommends \$35.1 million for the city's

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<sup>5</sup> See CRS Report RS20646, *District of Columbia Tuition Assistance Program*, by Bonnie F. Mangan.

<sup>6</sup> Prior to the 109<sup>th</sup> Congress, appropriations for the District of Columbia were handled by a separate subcommittee. At the beginning of the 109<sup>th</sup> Congress, the House restructured the appropriation subcommittees, abolishing the District of Columbia Subcommittee on Appropriations and consolidating its activities into a larger Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Subcommittee. The Senate undertook a similar restructuring, but kept the District of Columbia Subcommittee as a stand-alone subcommittee.

college tuition assistance program, a \$2.2 million increase above the program's FY2006 funding level. The bill also includes \$40.8 million in special federal payments in support of continued efforts to strengthen public schools and expand elementary and secondary education choices, including funds for public charter schools and private school scholarships. It would reduce the federal payment for security planning from \$13.5 million to \$8.5 million, and would eliminate funding for bioterrorism preparedness activities and a forensic laboratory for the District. It would provide no new congressional appropriations for the construction of a nature trail along the Anacostia River, but directs the District to use unexpended funds from previous years. Congress appropriated \$3 million for this activity in the FY2006 appropriations.

## House Bill General Provisions

The House version of H.R. 5576 includes several provisions that District officials want eliminated or modified, including those related to medical marijuana, abortion, and needle exchange. During consideration of past District of Columbia appropriations acts, city officials have asked Congress to eliminate the provision banning the use of medical marijuana. District officials have also sought to win congressional approval for the lifting of restrictions on the use of District funds for abortion services, and the removal of the provision prohibiting the use of federal or District funds in support of a needle exchange program. As approved by the House, H.R. 5576 would continue the restrictions and prohibitions on the use of federal and District funds for medical marijuana, abortion services, and needle exchange programs. Congress's authority to ban the use of medical marijuana, including the implementation of the District's medical marijuana initiative, was upheld by a June 6, 2005, Supreme Court decision. By a vote of six to three, the Supreme Court ruled in *Gonzales v. Raich*<sup>7</sup> that the federal government could prohibit the possession and cultivation of marijuana in states that have decriminalized its use as a medical or therapeutic treatment.

## Senate Bill

On July 13, 2006, the Senate Appropriations Committee approved and ordered reported the District of Columbia Appropriations Act for 2007, S. 3660 (P.L. 109-281). The bill would appropriate \$597 million in special federal payments. This is \$21.8 million more than recommended by the House and approximately the same amount as appropriated in FY2006. There are several differences between the Senate bill and provisions included in the House-passed version of H.R. 5576. The Senate bill recommends \$33.2 million for the city's college tuition assistance program, \$1.9 million less than recommended by the House bill and \$332,000 less than appropriated in FY2006. The bill also includes \$206.6 million in special federal payments for court operations, which is \$13 million less than recommended by the House. The Senate bill recommends funding for several activities not included in the House version of H.R. 5576, including the following:

- \$4.5 million for bioterrorism preparedness activities and a forensic laboratory for the District;
- \$5 million for the construction of a nature trail along the Anacostia River;
- \$2 million for improvements in the city's foster care system;
- \$4 million for improvements to the Navy Yard Metro Station;<sup>8</sup>

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<sup>7</sup> *Gonzales v. Raich* 545 U.S. (2005).

<sup>8</sup> The House version of H.R. 5576 would appropriate \$20 million under the Department of Transportation's capital.



- \$4 million for marriage development accounts, and
- \$15 million for improvements to the city's public library system.

## Senate Bill General Provisions

Like the House bill, the Senate bill would continue to prohibit the District from using local or federal funds to implement a needle exchange program and a medical marijuana initiative. The bill includes provisions that would continue to prohibit the use of District and federal funds for abortion services, except in instances of rape or incest, or when pregnancy endangers the life of the mother; and to promote statehood or voting representation in Congress.

## Continuing Resolution

The 109<sup>th</sup> Congress failed to complete consideration of the District of Columbia Appropriations Act before adjourning sine die. Instead the Congress enacted a series of budget resolutions, the first included as Division B of P.L. 109-289. The Continuing Appropriations Resolution, 2007(120 Stat. 1311) included provisions appropriating federal funds under the District of Columbia Appropriations Act at the lower of either the FY2006 level or the House-passed FY2007 funding level (since the Senate did not pass an FY2007 District of Columbia Appropriations Act for 2007). The Continuing Appropriations Resolution also included a provision allowing the District to spend local funds for programs and activities identified under the heading "District of Columbia Funds" under Title V of H.R. 5576 (109<sup>th</sup> Congress) as passed by the House of Representatives, at a rate set forth in the District's FY2007 Proposed Budget and Financial Plan submitted to the Congress on June 5, 2006. On December 9, 2006, Congress passed H.J.Res. 102 (P.L. 109-383), the third in a series of continuing resolutions, to provide funding through February 15, 2007.

**Table 2. District of Columbia Special Federal Payments Funds: FY2007 Appropriations**  
(in millions of dollars)

Programs	Enacted FY2006	FY2007			
		Admin.	City's Budget	House	Senate Conf.
Resident Tuition Program	32.868	35.100	35.100	35.100	33.200
Emergency Planning and Security	13.365	8.533	15.000	8.533	8.533
Bioterrorism Preparedness and Forensic Laboratory	4.950	0.000	25.000	0.000	4.500
Court Operations	216.723	196.629	196.629	219.629	206.629
—Court of Appeals	[8.651]	[9.401]	[9.401]	[9.401]	[9.401]
—Superior Court	[86.795]	[89.646]	[89.646]	[89.646]	[89.646]
—Court system	[41.095]	[46.653]	[46.653]	[46.653]	[46.653]
—Capital improvements	[80.182]	[50.929]	[50.929]	[73.929]	[60.929]
Defender Services	43.560	43.475	43.475	43.475	43.475
Court Services and Offender Supervision Agency for the District of Columbia	169.839	181.653	181.653	181.653	183.653



Programs	Enacted FY2006	FY2007			
		Admin.	City's Budget	House	Senate Conf.
—Community Supervision and Sex Offender Registry	[128.502]	[135.457]	[135.457]	[135.457]	[135.457]
—Pretrial Service Agency	[41.337]	[46.196]	[46.196]	[46.196]	[46.196]
Public Defender Service	29.535	32.710	32.710	32.710	32.710
Criminal Justice Coordinating Council	1.287	1.300	1.300	1.300	1.300
Federal Water and Sewer Authority Payment	6.930	7.000	7.000	7.000	7.000
Anacostia River Walk and Trail Construction	2.970	0.000	5.000	0.000	5.000
Transportation—Downtown Circulator	0.990	0.000	0.000	0.000	1.000
School Improvement Initiatives	39.600	40.800	40.800	40.800	40.000
—Public school improvements	[12.870]	[13.000]	[13.000]	[13.000]	[13.000]
—Recruitment and training	0.000	0.000	0.000	0.000	[5.000]
—High Perform. Incentive Award	0.000	0.000	0.000	0.000	[2.000]
—Advance placement training	0.000	0.000	0.000	0.000	[5.500]
—Master Education Plan	0.000	0.000	0.000	0.000	[0.500]
—Public Charter School	[12.870]	[13.000]	[13.000]	[13.000]	[13.000]
—Direct Loan Fund	0.000	0.000	0.000	0.000	[6.000]
—City Build Charter School Fund	0.000	0.000	0.000	0.000	[3.500]
—Public Education Improvement Incentive Award	0.000	0.000	0.000	0.000	[1.000]
—Quality Initiative	0.000	0.000	0.000	0.000	[1.050]
—Co-location Program	0.000	0.000	0.000	0.000	[1.000]
—Administration	0.000	0.000	0.000	0.000	[0.450]
—School Choice Scholarship Program (vouchers)	[13.860]	[14.800]	[14.800]	[14.800]	[14.000]
—Admin. expen./assessment	[0.990]	[1.800]	[1.800]	[1.800]	[1.000]
Navy Yard Metro Station	0.000	20.000	20.000	0.000	4.000
Library Construction and Renovation	0.000	30.000	30.000	0.000	15.000
Foster Care Improvements	1.980	0.000	0.000	0.000	2.000
—Child and Fam. Services	[1.748]	0.000	0.000	0.000	[1.750]
—Post adoption services	[0.748]	0.000	0.000	0.000	0.000
—Loan repay. to social workers	[0.990]	0.000	0.000	0.000	[1.000]
—COG's Respite Care and Recruitment	[0.249]	0.000	0.000	0.000	[0.250]
DC National Guard	0.495	0.000	0.352	0.000	0.000

Programs	Enacted FY2006	FY2007				
		Admin.	City's Budget	House	Senate	Conf.
Marriage Development and Improvement	2.970	0.000	0.000	0.000	4.000	
—Marriage Dev. Acct./ Cap. Area Asset Building Corp.	[1.485]	0.000	0.000	0.000	0.000	
—National Center for Fathering	[0.841]	0.000	0.000	0.000	0.000	
—East Capitol Center for Change	[0.644]	0.000	0.000	0.000	0.000	
CFO	28.908	0.000	0.000	5.000	5.000	
EDUCATION/CULTURAL/CIVIC RESPONSIBILITY PROGRAMS						
—Apple Tree Institute early literacy	[0.149]	0.000	0.000	0.000	0.000	
—Camp Arena Stage	[0.990]	0.000	0.000	0.000	0.000	
—Caribbean Amer. Mission for Edu. Research (higher education)	[0.198]	0.000	0.000	0.000	0.000	
—Center for Inspired Teaching	[0.445]	0.000	0.000	0.000	[0.050]	
—Centro Nia/ early childhood edu.	[0.198]	0.000	0.000	0.000	[0.100]	
—City Year's Reading for Success/literacy	[0.149]	0.000	0.000	0.000	0.000	
—College Bound	0.000	0.000	0.000	[0.150]	0.000	
—Congressional Cemetery Preservation	[1.980]	0.000	0.000	0.000	0.000	
—DC Children and Youth Investment Trust Corporation	0.000	0.000	0.000	[0.125]	0.000	
—DC Pearls III (college prep. prog.)	[0.049]	0.000	0.000	0.000	0.000	
—DC Public Charter School Assoc.	[0.149]	0.000	0.000	0.000	0.000	
—Discovery Creek Children's Museum	[0.198]	0.000	0.000	0.000	[0.100]	
—Everybody Wins	0.000	0.000	0.000	[0.050]	0.000	
—Girl Scout Council	[0.396]	0.000	0.000	0.000	[0.100]	
—Jump Start	[0.198]	0.000	0.000	0.000	0.000	
—Historic building restoration	0.000	0.000	0.000	0.000	[0.500]	
—Jewish Council for Pub. Affairs	0.000	0.000	0.000	0.000	0.000	
—International Youth Service	[0.990]	0.000	0.000	0.000	0.000	
—KIPP DC: Public and Charter School Partnership	0.000	0.000	0.000	0.000	[0.400]	
—Lab School	[0.049]	0.000	0.000	0.000	0.000	
—Les Aspin Center	[0.198]	0.000	0.000	0.000	0.000	
—Love of Children/Thurgood Marshall Ctr. Youth Tech. Prog.	[0.495]	0.000	0.000	0.000	0.000	
—National Capital Children's Museum	[0.248]	0.000	0.000	0.000	0.000	

Programs	Enacted FY2006	FY2007				
		Admin.	City's Budget	House	Senate	Conf.
—National Children's Alliance	0.000	0.000	0.000	[0.200]	0.000	
—Nat. Council of La Raza DC	0.000	0.000	0.000	0.000	[0.350]	
—Nat. Hist. Trust Lincoln Cottage Restoration	[0.990]	0.000	0.000	0.000	0.000	
—Perry School Comm. Serv.	[0.149]	0.000	0.000	[0.050]	0.000	
—Public School Library Initiative	[0.099]	0.000	0.000	[1.000]	0.000	
—ReadNet Foundation	[0.300]	0.000	0.000	0.000	0.000	
—Sewall Belmont House and Museum	[0.099]	0.000	0.000	0.000	0.000	
—STEED Youth Edu. and Rec.	[0.297]	0.000	0.000	[0.050]	0.000	
—Southeast Univ. E-Learning program	[0.249]	0.000	0.000	[0.250]	0.000	
—Southeastern Univ. Capital Improv.	0.000	0.000	0.000	0.000	[0.100]	
—Teacher Advancement Prog.	[0.099]	0.000	0.000	0.000	0.000	
—Thurgood Marshall Academy	[0.495]	0.000	0.000	0.000	0.000	
—Voyager Expanded Learning	[0.173]	0.000	0.000	0.000	0.000	
—Washington Latin Charter School	0.000	0.000	0.000	0.000	[0.050]	
—Washington Jesuit Academy	[0.248]	0.000	0.000	0.000	0.000	
—Washington National Opera	0.000	0.000	0.000	0.000	[0.050]	
—Youth Leadership Foundatiion	[0.198]	0.000	0.000	0.000	[0.200]	
ECONOMIC DEVELOPMENT, INFRASTRUCTURE, TRANSPORTATION						
—DC Dept of Transp. Foxhall Rd. improv.	[0.248]	0.000	0.000	0.000	0.000	
—Eastern Market Renovation	[0.198]	0.000	0.000	[0.100]	0.000	
—Georgetown Circulator	[0.495]	0.000	0.000	[0.200]	0.000	
—Water and Sewer Authority water study	[0.198]	0.000	0.000	0.000	0.000	
—WMATA antennae replacement	[0.445]	0.000	0.000	0.000	0.000	
HEALTH, HOUSING, AND SOCIAL SERVICES						
—All Faith Consortium (substance abuse/homeless veterans)	[0.099]	0.000	0.000	0.000	0.000	
—ARISE life skills for at-risk youth	[0.248]	0.000	0.000	0.000	0.000	
—Arthritis Foundation, Metro Wash.	[0.197]	0.000	0.000	0.000	0.000	
—Capital Area Food Bank	[1.287]	0.000	0.000	[0.125]	0.000	
—Children's Health Fund/van	[0.149]	0.000	0.000	0.000	0.000	
—Children's National Medical Center capital improvements	[4.950]	0.000	0.000	0.000	[0.500]	

Programs	Enacted FY2006	FY2007				
		Admin.	City's Budget	House	Senate	Conf.
—Children's Hospital/cord blood bank for African American children	[0.297]	0.000	0.000	0.000	[0.250]	
—Children's Res. Inst. (muscular dystrophy research)	[0.149]	0.000	0.000	0.000	0.000	
—Community Youth Connection	[0.198]	0.000	0.000	0.000	0.000	
—Congressional Glaucoma Caucus	[0.248]	0.000	0.000	0.000	0.000	
—DC Cares	[0.102]	0.000	0.000	0.000	0.000	
—DC Humane Society	[0.099]	0.000	0.000	0.000	0.000	
—DC Primary Care Assoc.	[0.495]	0.000	0.000	0.000	0.000	
—ER One	[0.990]	0.000	0.000	0.000	0.000	
—East of the River (prisoner re-entry housing)	[0.297]	0.000	0.000	0.000	0.000	
—Family Communications/education material for child care	[0.099]	0.000	0.000	0.000	0.000	
—Father McKenna Center/homeless men	[0.099]	0.000	0.000	0.000	[0.100]	
—Food and Friends	0.000	0.000	0.000	[0.150]	0.000	
—G. Washington Cancer Institute	0.000	0.000	0.000	[0.325]	0.000	
—Gospel Rescue Mission	0.000	0.000	0.000	0.000	[0.100]	
—Green Door for the Homeless	0.000	0.000	0.000	0.000	[0.100]	
—Kidsave DC Weekend Miracles	0.000	0.000	0.000	0.000	[0.100]	
—Mary's Center for Maternity and Child Health	0.000	0.000	0.000	0.000	[0.200]	
—My Sister's Place	[0.198]	0.000	0.000	0.000	0.000	
—N Street Village	0.000	0.000	0.000	[0.400]	0.000	
—Nat'l Camp. to Prevent Teen Pregnancy / Uhlich Children's Advantage Network	[0.297]	0.000	0.000	0.000	[0.100]	
—St. Coletta construction of facilities for services to mentally retarded and multi-handicapped	[0.990]	0.000	0.000	0.000	0.000	
—Poison Control	0.000	0.000	0.000	0.000	[0.250]	
—Teen Connection (teen pregnancy prevention)	[0.495]	0.000	0.000	0.000	0.000	
—Unity HealthCare med. care tracking	0.000	0.000	0.000	0.000	[0.250]	
—Whitman Walker Clinic	[0.644]	0.000	0.000	[0.375]	[0.100]	
—Washington Area Women's Foundation (stepping stones)	[0.990]	0.000	0.000	0.000	[0.500]	
PUBLIC SAFETY						

Programs	Enacted FY2006	FY2007				
		Admin.	City's Budget	House	Senate	Conf.
—Metro. Police bullet proof vest	0.000	0.000	0.000	[0.300]	0.000	
—Boys and Girls Club gang prevention program	[0.297]	0.000	0.000	0.000	0.000	
—Boys and Girls Club facilities repair	0.000	0.000	0.000	0.000	[0.200]	
—East of the River Police/Clergy	0.000	0.000	0.000	0.000	[0.200]	
JOB TRAINING						
—Amer. Community Partnership	[0.248]	0.000	0.000	0.000	0.000	
—Catalyst Capital City Careers Prog.	[0.198]	0.000	0.000	0.000	0.000	
—Excel Institute	[1.199]	0.000	0.000	[0.950]	0.000	
—Latin Amer. Youth Ctr. YouthBuild	[0.198]	0.000	0.000	0.000	0.000	
—MenzFit	0.000	0.000	0.000	[0.100]	0.000	
—National Center for Manufacturing Sciences Tech. Transfer Partnership	[0.720]	0.000	0.000	0.000	0.000	
—Second Chance Employ. Service for Women	[0.446]	0.000	0.000	0.000	0.000	
—See Forever Employ. Training	[0.099]	0.000	0.000	0.000	0.000	
RECREATION AND CONSERVATION						
Anacostia Waterfront Initiative	0.000	0.000	0.000	[0.100]	0.000	
—Capitol Hill Baseball and Softball League/capital improvements	[0.049]	0.000	0.000	0.000	0.000	
—Earth Conservation Corps	[0.495]	0.000	0.000	0.000	0.000	
—Friends of Carter Barron	[0.099]	0.000	0.000	0.000	0.000	
—Friends of Ft. Dupont Ice Arena Capital Improvements	[0.490]	0.000	0.000	0.000	0.000	
—Youth Baseball Partnership with Payne Elementary	0.000	0.000	0.000	0.000	[0.050]	
<b>Total federal payments</b>	<b>596.970</b>	<b>597.200</b>	<b>634.019</b>	<b>575.200</b>	<b>597.000</b>	

**Note:** Due to rounding, numbers in columns may not sum to subtotals and totals.

As submitted by the District and approved by the House of Representatives and the Senate, the District's operating budget totals \$9.1 billion for FY2007. This includes \$7.751 billion in operating funds and \$1.486 billion in enterprise funds. The budget also provides \$2.341 billion in capital outlays, including \$63 million to finance the construction of a new baseball stadium.

**Table 3. Division of Expenses: District of Columbia Funds**

(in millions of dollars)

Programs	Enacted FY2006	FY2007 <sup>a</sup>			
		District	House	Senate	Conference
General Fund					

Programs	Enacted FY2006	FY2007 <sup>a</sup>			
		District	House	Senate	Conference
Governmental Direction and Support	769.418	542.505	542.505	542.505	
Economic Dev. and Regulation	452.328	543.135	543.135	543.135	
Public Safety and Justice	846.466	949.393	949.393	949.393	
Public Education System	1,509.381	1,415.333	1,415.333	1,415.333	
Human Support Services	2,825.040	2,923.171	2,923.171	2,923.171	
Public Works	396.329	424.708	424.708	424.708	
Cash Reserve Fund	50.000	50.000	50.000	50.000	
Revised Revenue Estimate Contingency	0.000	0.000	0.000	0.000	
Repayment of Loans and Interest	370.778	405.114	405.114	405.114	
Payment of Interest on Short Term Borrowing	5.500	8.000	8.000	8.000	
One Judiciary Square Certificate of Participation	15.000	33.225	31.225	31.225	
Settlements and Judgments	20.655	15.655	15.655	15.655	
Wilson Building	3.740	4.211	4.211	4.211	
Workforce Investments	61.110	38.500	38.500	38.500	
Non-Departmental Agency	37.286	45.942	45.942	45.942	
Emergency Planning and Security Costs	0.000	0.000	0.000	0.000	
Tax Increment Financing	0.000	0.000	0.000	0.000	
Equipment Lease	35.441	43.955	43.955	43.955	
Emer. and Contingency Reserve Fund	0.000	0.000	0.000	0.000	
Pay-As-You-Go Capital	262.323	87.987	87.987	87.987	
Pay-As-You-Go Contingency	0.000	0.000	0.000	0.000	
DC Retiree Health Contribution	138.000	4.700	4.700	4.700	
School Modernization Fund	12.208	1.650	1.650	1.650	
Repayment of Revenue Bonds	0.000	6.000	6.000	6.000	
Debt Service Issuance Costs	40.000	30.000	30.000	30.000	
<b>General Fund Total Operating Expenses</b>	<b>7,851.003</b>	<b>7,571,184</b>	<b>7,571,184</b>	<b>7,571,184</b>	
<b>Enterprise Funds</b>					
Water and Sewer Auth.	295.710	311.642	311.642	311.642	
Washington Aqueduct	50.512	143.174	143.174	143.174	
Stormwater Permit Compliance	6.673	7.000	7.000	7.000	
Lottery and Charitable Games	251.000	256.00	256.00	256.000	

Programs	Enacted FY2006	FY2007 <sup>a</sup>			
		District	House	Senate	Conference
Sports and Enter. Commission	339.630	195.314	195.314	195.314	
DC Retirement Board	30.078	34.423	34.423	34.423	
Convention Center Enterprise Fund	78.900	80.238	80.238	80.238	
National Capital Revitalization Corporation	52.731	51.592	51.592	51.592	
Univ. District of Columbia	102.200	100.095	100.095	100.095	
Unempl. Insur. Trust Fund	180.000	180.000	180.000	180.000	
Other Post Employee Benefits Trust Fund	1.100	1.265	1.265	1.265	
Anacostia Waterfront Corp.	8.200	5.000	5.000	5.000	
Housing Production Trust Fund	0.000	120.418	120.418	120.418	
DC Public Library Trust	0.017	0.017	0.017	0.017	
<b>Total Enterprise Funds</b>	<b>1,396.751</b>	<b>1,486.178</b>	<b>1,486.178</b>	<b>1,486.178</b>	
<b>Total Operating Expenses</b>	<b>9,247.754</b>	<b>9,057.362</b>	<b>9,057.362</b>	<b>9,057.362</b>	
<b>Capital Outlays</b>					
General Fund	2,525.605	2,341.175	2,341.175	2,341.175	
—Baseball Stadium Financing	[534.800]	[63.000]	[63.000]	[63.000]	
<b>Total Capital Outlays</b>	<b>2,525.605</b>	<b>2,341.175</b>	<b>2,341.175</b>	<b>2,341.175</b>	
<b>Total District of Columbia Funds</b>	<b>11,773.359</b>	<b>11,398.537</b>	<b>11,398.537</b>	<b>11,398.537</b>	

**Note:** Due to rounding, numbers in columns may not sum to subtotals and totals.

a. Does not include intra-District transfer of funds.

## Key Policy Issues

### Needle Exchange

Whether to continue a needle exchange program or whether to use federal or District funds is one of several key policy issues that Congress faces in reviewing the District's appropriations for FY2007. The controversy surrounding funding a needle exchange program touches on issues of home rule, public health policy, and government sanctioning and facilitating the use of illegal drugs. Proponents of a needle exchange program contend that such programs reduce the spread of HIV among illegal drug users by reducing the incidence of shared needles. Opponents of these efforts contend that such programs amount to the government sanctioning illegal drugs by supplying drug-addicted persons with the tools to use them. In addition, they contend that public health concerns raised about the spread of AIDS and HIV through shared contaminated needles should be addressed through drug treatment and rehabilitation programs. Another view in the debate focuses on the issue of home rule and the city's ability to use local funds to institute such programs free from congressional actions.



The prohibition on the use of federal and District funds for a needle exchange program was first approved by Congress as Section 170 of the District of Columbia Appropriations Act for FY1999, P.L. 105-277. The 1999 act did allow private funding of needle exchange programs. The District of Columbia Appropriations Act for FY2001, P.L. 106-522, continued the prohibition on the use of federal and District funds for a needle exchange program; it also restricted the location of privately funded needle exchange activities. Section 150 of the District of Columbia Appropriations Act for FY2001 made it unlawful to distribute any needle or syringe for the hypodermic injection of any illegal drug in any area in the city that is within 1,000 feet of a public elementary or secondary school, including any public charter school. The provision was deleted during congressional consideration and passage of the District of Columbia Appropriations Act of FY2002, P.L. 107-96. The act also included a provision that allows the use of private funds for a needle exchange program, but it prohibits the use of both District and federal funds for such activities. At present, one entity, Prevention Works, a private nonprofit AIDS awareness and education program, operates a privately funded needle exchange program. The FY2002 District of Columbia Appropriations Act required such entities to track and account for the use of public and private funds.

During consideration of the FY2004 District of Columbia Appropriations Act, District officials unsuccessfully sought to lift the prohibition on the use of District funds for needle exchange programs. A Senate provision, which was not adopted, proposed prohibiting only the use of federal funds for a needle exchange program and allowing the use of District funds. The House and final conference versions of the FY2004 bill allowed the use of private funds for needle exchange programs and required private and public entities that receive federal or District funds in support of other activities or programs to account for the needle exchange funds separately.

For FY2007, the District is again seeking to lift the restriction on the use of local funds to finance a needle exchange program. The President's budget proposal for FY2007 includes a provision that would continue to prohibit the use of District and federal funds in support of a needle exchange program. H.R. 5576 as approved by the House on June 14, 2006, and S. 3660 as reported by the Senate Appropriations Committee also includes a provision that would have retained the current law prohibiting the use of federal and District funds for a needle exchange program.

## **Medical Marijuana**

The city's medical marijuana initiative is another issue that engenders controversy. The District of Columbia Appropriations Act for FY1999, P.L. 105-277 (112 Stat. 2681-150), included a provision that prohibited the city from counting ballots of a 1998 voter-approved initiative that would have allowed the medical use of marijuana to assist persons suffering from debilitating health conditions and diseases, including cancer and HIV infection.

Congress's power to prohibit the counting of a medical marijuana ballot initiative was challenged in a suit filed by the DC Chapter of the American Civil Liberties Union (ACLU). On September 17, 1999, District Court Judge Richard Roberts ruled that Congress, despite its legislative responsibility for the District under Article I, Section 8, of the Constitution, did not possess the power to stifle or prevent political speech, which included the ballot initiative.<sup>9</sup> This ruling allowed the city to tally the votes from the November 1998 ballot initiative. To prevent the implementation of the initiative, Congress had 30 days to pass a resolution of disapproval from the date the medical marijuana ballot initiative (Initiative 59) was certified by the Board of

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<sup>9</sup> *Turner v. District of Columbia Board of Elections and Ethics*, No. 98-2634 Civ. (D.D.C. Sept. 17, 1999; memorandum opinion).

Elections and Ethics. Language prohibiting the implementation of the initiative was included in P.L. 106-113 (113 Stat. 1530), the District of Columbia Appropriations Act for FY2000. Opponents of the provision contend that such congressional actions undercut the concept of home rule.

The District of Columbia Appropriations Act for FY2002, P.L. 107-96 (115 Stat. 953) included a provision that continued to prohibit the District government from implementing the initiative. Congress's power to block the implementation of the initiative was again challenged in the courts. On December 18, 2001, two groups, the Marijuana Policy Project and Medical Marijuana Initiative Committee, filed suit in U.S. District Court, seeking injunctive relief in an effort to put another medical marijuana initiative on the November 2002 ballot. The District's Board of Elections and Ethics ruled that a congressional rider that has been included in the general provisions of each District appropriations act since 1998 prohibits it from using public funds to do preliminary work that would put the initiative on the ballot.

On March 28, 2002, a U.S. district court judge ruled that the congressional ban on the use of public funds to put such a ballot initiative before the voters was unconstitutional.<sup>10</sup> The judge stated that the effect of the amendment was to restrict the plaintiff's First Amendment right to engage in political speech. The decision was appealed by the Justice Department, and on September 19, 2002, the U.S. Court of Appeals for the District of Columbia Circuit reversed the ruling of the lower court without comment. The appeals court issued its ruling on September 19, 2002, which was the deadline for printing ballots for the November 2002 general election.

More recently, on June 6, 2005, the Supreme Court, in a six-to-three decision, ruled that Congress possessed the constitutional authority under the Commerce clause to regulate or prohibit the interstate marketing of both legal and illegal drugs. This includes banning the possession of drugs in states<sup>11</sup> and the District of Columbia that have decriminalized or permitted the use of marijuana for medical or therapeutic purposes.<sup>12</sup>

H.R. 5576 as passed by the House and S. 3660 as reported by the Senate Appropriations Committee would continue to prohibit the use of federal and District funds to implement a medical marijuana ballot initiative. During its consideration of the District budget for FY2007, the city council included language that would prohibit the use of federal, but not District, funds to implement the initiative.

## Abortion Provision

The public funding of abortion services for District of Columbia residents is a perennial issue debated by Congress during its annual deliberations on District of Columbia appropriations. District officials cite the prohibition on the use of District funds as another example of congressional intrusion into local matters. The District of Columbia Appropriations Act for FY2002, P.L. 107-96 (115 Stat. 950), included a provision prohibiting the use of federal or District funds for abortion services, except in cases where the life of the mother was endangered, or the pregnancy was the result of rape or incest. This prohibition has been in place since 1995,

<sup>10</sup> *Marijuana Policy Project v. District of Columbia Board of Elections and Ethics*, No. 01-2595 Civ. (D.D.C. Mar. 28, 2002; memorandum opinion, order and judgment). The district court's ruling was reversed on appeal by the United States Court of Appeals District of Columbia Circuit. The court ruled without comment.

<sup>11</sup> Eleven states allow medical marijuana usage or limit the penalty for such use: Alaska, California, Colorado, Hawaii, Maine, Maryland, Montana, Nevada, Oregon, Vermont, and Washington.

<sup>12</sup> *Gonzales v. Raich* 545 U.S. (2005). For additional information, see CRS Report RS22167, *Gonzales v. Raich: Congress's Power Under the Commerce Clause to Regulate Medical Marijuana*, by Todd B. Tatelman.

when Congress approved the District of Columbia Appropriations Act for FY1996, P.L. 104-134 (110 Stat.1321-91).

Since 1979, with the passage of the District of Columbia Appropriations Act of 1980, P.L. 96-93 (93 Stat. 719), Congress has placed some limitation or prohibition on the use of public funds for abortion services for District residents. From 1979 to 1988, Congress restricted the use of federal funds for abortion services to cases where the mother's life was endangered, or the pregnancy resulted from rape or incest. The District was free to use District funds for abortion services.

When Congress passed the District of Columbia Appropriations Act for FY1989, P.L. 100-462 (102 Stat. 2269-9), it restricted the use of District and federal funds for abortion services to cases where the mother's life would be endangered if the pregnancy were taken to term. The inclusion of District funds, and the elimination of rape or incest as qualifying conditions for public funding of abortion services, was endorsed by President Reagan, who threatened to veto the District's appropriations act if the abortion provision was not modified.<sup>13</sup> In 1989, President Bush twice vetoed the District's FY1990 appropriations act over the abortion issue. He signed P.L. 101-168 (103 Stat. 1278), after insisting that Congress include language prohibiting the use of District revenues to pay for abortion services except in cases where the mother's life was endangered.<sup>14</sup>

The District successfully sought the removal of the provision limiting District funding of abortion services when Congress considered and passed the District of Columbia Appropriations Act for FY1994, P.L. 103-127 (107 Stat. 1350). The FY1994 act also reinstated rape and incest as qualifying circumstances allowing for the public funding of abortion services. The District's success was short-lived, however; the District of Columbia Appropriations Act for FY1996, P.L. 104-134 (110 Stat. 1321-91), and subsequent District of Columbia appropriations acts limited the use of District and federal funds for abortion services to cases where the mother's life was endangered or cases where the pregnancy was the result of rape or incest. The House version of the TTHUD Appropriations Act for FY2007, H.R. 5576, and the S. 3660 as reported by the Senate Appropriations Committee include a provision that would continue to prohibit the use of both District and federal funds for abortion services, except in instances of rape or incest, or when pregnancy endangers the life of the mother. During its consideration of the District budget for FY2007, the city council included language that would prohibit the use of federal, but not District, funds to provide abortion services.

## Health Care Benefits Expansion Act (Domestic Partners Program)

P.L. 107-96 included a provision lifting the congressional prohibition on the use of District funds to implement its Health Care Benefits Expansion Act.<sup>15</sup> The provision permits unmarried

<sup>13</sup> "District Policies Hit Hard in Spending Bill," *Congressional Quarterly Almanac*, vol. XLIV (Washington: Congressional Quarterly, Inc., 1988), p. 713.

<sup>14</sup> "D.C. Bill Vetoed Twice Over Abortion Funding," *Congressional Quarterly Almanac*, vol. XLV (Washington: Congressional Quarterly, Inc., 1989), p. 757.

<sup>15</sup> On Sept. 20, 2001, the House Appropriations Committee approved, by a vote of 28 to 21, an amendment introduced by Reps. Kolbe and Moran that removed the congressional prohibition on the use of District funds for the implementation of the city's Health Care Benefits Expansion Act. The act, which was approved by the city's elected leadership in 1992, had not been implemented because of a congressional prohibition first included in the general provisions of District of Columbia Appropriations Act for FY1994. On Sept. 25, 2001, during House consideration of H.R. 2944, the House version of the District of Columbia Appropriations Act for FY2002, Rep. Weldon offered an amendment (H.Amdt. 310) that would have reaffirmed the ban on the use of District funds to implement the health care expansion program. The Weldon amendment failed by a vote of 194 to 226. The Senate bill also included a provision that would have allowed the District to use city, but not federal, funds to implement the District of Columbia Employees Health Benefits Program. It had not been implemented because of a congressional prohibition first included

heterosexual and homosexual couples to register as domestic partners. Under the Health Care Benefits Expansion Act, which was approved by the city's elected leadership in 1992, an unmarried person who registers as a domestic partner of a District employee hired after 1987 may be added to the District employee's health care policy for an additional charge. The act was not implemented until 2002 because of a congressional prohibition first included in the general provisions of District of Columbia Appropriations Act for FY1994.

The city's Health Care Benefits Expansion Act allows two cohabiting, unmarried, and unrelated individuals to register as domestic partners with the District for the purpose of securing certain health and family-related benefits, including hospital visiting rights. Under the law, a District government employee enrolled in the District of Columbia Employees Health Benefits Program is allowed to purchase family health insurance coverage that would cover the employee's family members, including a domestic partner.

Opponents of the act maintain that it devalues the institution of marriage, and that the act grants unmarried gay and heterosexual couples the same standing as married couples. At least one bill, H.R. 72, introduced in the 109<sup>th</sup> Congress by Representative JoAnn Davis and others on January 4, 2005, would define marriage in the District of Columbia as a union between a man and a woman.<sup>16</sup> Congressional proponents of lifting the ban on the use of District funds argue that the implementation of the act is a question of home rule and local autonomy. Supporters of health care benefits for domestic partners note that as of 2004, 11 states and the District of Columbia, 185 local governments, and more than 8,000 companies, colleges, and universities offered health insurance benefits to domestic partners.<sup>17</sup>

The House version of the TTHUD Appropriations Act for FY2007, consistent with the provision first included in the District's FY2002 Appropriations Act, includes a general provision that allows the use of District, but not federal, funds to administer the program.

## Federal Payment for Resident Tuition Support

The District of Columbia Tuition Assistance Grant (DCTAG) program supports the postsecondary education of undergraduate students who are residents of the District of Columbia by providing grants that may be applied toward the costs of tuition and fees at institutions of higher education.<sup>18</sup> In particular, the program affords undergraduate students the benefit of in-state tuition and fees at public institutions located outside the District of Columbia. Students enrolled in public institutions may receive grants of up to \$10,000 per year to pay the difference between in-state and out-of-state tuition and fees, with a maximum cumulative award of \$50,000. Students enrolled in private institutions located in the Washington, DC, metropolitan area and any Historically Black Colleges and Universities (HBCUs) also may receive grants under the

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in the general provisions of District of Columbia Appropriations Act for FY1994. The District began implementation of the health care benefits expansion program on July 8, 2002.

<sup>16</sup> Several House and Senate resolutions (H.J.Res. 39, H.J.Res. 88, H.J.Res. 91, S.J.Res. 1, and S.J.Res. 13) were introduced in the 109<sup>th</sup> Congress proposing a constitutional amendment defining marriage. For a discussion of legal issues surrounding same sex marriage see CRS Report RL31994, *Same-Sex Marriages: Legal Issues*, by Alison M. Smith.

<sup>17</sup> Human Rights Campaign Foundation, "The State of the Workplace for Gay, Lesbian, and Transgender Americans: 2004," available at [http://www.hrc.org/Content/ContentGroups/Publications1/State\\_of\\_the\\_Workplace/Workplace0603.pdf](http://www.hrc.org/Content/ContentGroups/Publications1/State_of_the_Workplace/Workplace0603.pdf), visited June 22, 2005.

<sup>18</sup> The DCTAG program was enacted under P.L. 106-98 (113 Stat. 1323) and amended under P.L. 107-157 (116 Stat. 1118). For additional information on the DCTAG program, see CRS Report RS20646, *District of Columbia Tuition Assistance Program*, by Bonnie F. Mangan.

program, but awards are limited to \$2,500 per year, with a maximum cumulative award of \$12,500.

For the first five years of the program (FY2000 through FY2004), it was funded at \$17 million per year. After the program had carried a full five cohorts of students, funding was increased for FY2005 (\$25.4 million) and for FY2006 (\$33.2 million). The total number of students served by the program has steadily increased from 1,948 in 2000-2001 (FY2000) to 5,046 in 2005-2006 (FY2005). In testimony before the Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Mayor Anthony A. Williams expressed concern that unless the DCTAG program is funded at above \$33.2 million, it might be necessary to limit services or eligibility.<sup>19</sup>

H.R. 5576 would provide \$35.1 million for the DCTAG program, whereas S. 3660 would provide \$33.2 million. Both bills would permit the prioritization of awards under the DCTAG program on the basis of academic merit, income and need, and other factors as may be authorized. This authority could be used to limit the number of students awarded grants if available funding became constrained. Under both bills, administrative expenses would be capped at \$1.2 million.

## **Federal Payment for K-12 School Improvement**

Beginning with the Consolidated Appropriations Act, 2004 (P.L. 108-199), a federal payment for school improvement has been included as part of each year's District of Columbia appropriations act. As part of this payment, funding has been provided for three activities: (1) for the District of Columbia Public Schools to improve public education, (2) for the State Education Office to expand public charter schools, and (3) for the Secretary of the Department of Education to fund opportunity scholarships (private school vouchers) under the DC School Choice Incentive Act (which was enacted as part of P.L. 108-199). Funding for these activities has been provided to show a commitment toward supporting school improvement in traditional public schools and public charter schools, while also demonstrating and evaluating the effectiveness of fostering school improvement through a scholarship or voucher program in which students receive public funding to support their enrollment in private schools.

H.R. 5576 would appropriate \$40.8 million for school improvement, including \$13.0 million for the District of Columbia public schools, \$13.0 million for public charter schools, and \$14.8 million for school vouchers under the DC School Choice Incentive Act. S. 3660 would appropriate \$40.0 million for K-12 school improvement, with \$13.0 million for public school improvement, \$13.0 million for public charter schools, and \$14.0 million for the school voucher program. The House bill would permit up to \$1.8 million of the amount provided for the voucher program to be used to administer and fund assessments, whereas the Senate bill would permit the use of \$1.0 million for that purpose.

## **DC School Choice Incentive Act**

Under this program, funds are appropriated to the Secretary of the Department of Education to fund the operation of a five-year demonstration scholarship program that enables children from low-income families in the District of Columbia to attend private elementary or secondary schools located in the District. Students who are District of Columbia residents and who are from families with incomes not exceeding 185% of the poverty level are eligible to apply for scholarships valued at up to \$7,500 to cover the costs of tuition, fees, and transportation expenses

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<sup>19</sup> "Enhancing Educational and Economic Opportunity in the District of Columbia," Testimony of Mayor Anthony A. Williams, Feb. 28, 2005, at [http://hsgac.senate.gov/\\_files/022806Williams.pdf](http://hsgac.senate.gov/_files/022806Williams.pdf), visited June 21, 2006.



associated with attending a participating private elementary or secondary school located in the District of Columbia. Students are selected to receive scholarships through a lottery. Scholarship recipients remain eligible to continue to participate in the program in subsequent years, so long as their family income does not exceed 200% of the poverty level. Students enrolled in public schools identified for school improvement, corrective action, or restructuring under Title I-A of the Elementary and Secondary Education Act are given priority in receiving scholarships (through weighting procedures in the lottery); however, all students meeting program eligibility criteria are eligible for scholarships regardless of whether they were previously enrolled in public or private schools.<sup>20</sup>

The demonstration project includes an evaluation component. Among the issues required to be evaluated as part of the program are the academic achievement of scholarship recipients compared with non-recipients, the success of the program in expanding school choice options, and the impact of the program on students and public schools in the District of Columbia.<sup>21</sup> As of the 2005-2006 school year, 68 of the 109 private schools located in the District of Columbia had elected to participate in the program. By Fall 2005, a total of 4,047 eligible students had applied for scholarships under the program, and 1,716 scholarship recipients had been enrolled in 60 participating private schools. Approximately 10% of the estimated 40,500 students eligible to participate in the program have applied for scholarships.<sup>22</sup>

H.R. 5576 would appropriate \$14.8 million for the program, of which up to \$1.8 million may be used to fund assessments. S. 3660 would appropriate \$14.0 million for the program, of which up to \$1.0 million may be used for assessments. The Senate bill also would allow students who received scholarships in either the 2004-2005 or the 2005-2006 school year to remain eligible to receive a scholarship in a succeeding year provided that, notwithstanding any other provision of law, the student is from a household with an income not in excess of 300% of the poverty line. The increased income eligibility thresholds proposed in S. 3660 were incorporated into the Tax Relief and Health Care Act of 2006 (H.R. 6111), as passed by the House and Senate. These changes will allow children from the first two cohorts of the program whose family income increased above the initial threshold to remain in the program. Selected multiples of the 2006 poverty guidelines are presented in **Table 4**.

**Table 4. Selected Multiples of 2006 Poverty Guidelines**

Persons in Family	Poverty Guideline	185% of Poverty Guideline	200% of Poverty Guideline	300% of Poverty Guideline
2	\$13,200	\$24,420	\$26,400	\$39,600
3	\$16,600	\$30,710	\$33,200	\$49,800
4	\$20,000	\$37,000	\$40,000	\$60,000
5	\$23,400	\$43,290	\$46,800	\$70,200

<sup>20</sup> For a review of the program and policy issues raised prior to its enactment, see CRS Report RL32019, *Proposals to Establish a K-12 Scholarship or Voucher Program in the District of Columbia: Policy Issues and Analysis*, by David P. Smole.

<sup>21</sup> P.L. 108-199 § 309(a)(4), 118 Stat. 132.

<sup>22</sup> The first-year evaluation report was released in April 2006. U.S. Department of Education, Institute of Education Sciences, *Evaluation of the DC Opportunity Scholarship Program: Second Year Report on Participation*, by Patrick Wolf, Babette Gutmann, Michael Puma, and Marsha Silverberg (Washington: GPO, 2006).

**Source:** Department of Health and Human Services, Office of the Secretary, "Annual Update of the HHS Poverty Guidelines," *Federal Register*, vol. 71, no. 15, Jan. 24, 2006, at <http://aspe.hhs.gov/poverty/06fedreg.pdf>, visited July 26, 2006; CRS analysis.

## Establishment of Academic Year As Fiscal Year for District of Columbia Schools

In the District of Columbia, local educational agencies (LEAs)—the District of Columbia Public Schools (DCPS) and public charter schools—are fiscally dependent on the District of Columbia government.<sup>23</sup> The fiscal year for the District of Columbia government and its subordinate entities currently runs from October 1 to September 30, with the fiscal year being designated by the calendar year in which it ends.<sup>24</sup> Under this schedule, the fiscal year for public schools begins more than a month after the start of the academic year. In most states, the fiscal year for public school systems runs from July 1 to June 30.<sup>25</sup>

The 2004 District of Columbia Omnibus Authorization Act, P.L. 108-368 (118 Stat. 2230), amended the D.C. Official Code to provide that beginning with FY2007, the fiscal year for DCPS, public charter schools, and the University of the District of Columbia (UDC) would be from July 1 through June 30. The District of Columbia government and DCPS were not, however, on schedule to complete the transition to the new fiscal year calendar for FY2007. Under P.L. 109-356, the District of Columbia Official Code was amended to provide that beginning with FY2007, the fiscal year for DPCS, public charter schools, and UDC **may** be from July 1 through June 30.

On February 28, 2006, Mayor Anthony Williams testified that changing the fiscal year for DCPS to a time period different from the fiscal year of the rest of the District of Columbia government may prevent the District of Columbia from being in compliance with generally accepted accounting principles (GAAP). He further stated that this would result in the District of Columbia government's audit report for FY2007 containing a qualification based on a departure from GAAP and Governmental Accounting Standards Board (GASB) requirements.<sup>26</sup> He also noted that it may cost up to \$15 million to complete the transition from one fiscal year calendar to another.

Changing the fiscal year from the period of October 1 through September 30 to the period of July 1 through June 30 also would require a "transition" fiscal year. Presumably, the transition fiscal year would be a nine month fiscal year the last year before commencing to operate on a July 1 to June 30 fiscal year. If the District of Columbia proceeds to transition certain education agencies from one fiscal year calendar to another, consideration may need to be given to whether

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<sup>23</sup> A fiscally dependent LEA is a component part of a general purpose unit of a state or local government. In some states, LEAs are fiscally independent, meaning that they are independent units of local government with authority to levy taxes and establish their own budgets.

<sup>24</sup> District of Columbia Official Code § 1-204.41. An exception applies to the Armory Board, whose fiscal year runs from January 1 to December 31.

<sup>25</sup> U.S. Census Bureau, Governments Division, *Public Education Finances, 2004*, March 2006, p. v., at <http://ftp2.census.gov/govs/school/04f33pub.pdf>, visited June 27, 2006.

<sup>26</sup> Testimony of Anthony A. Williams, Mayor, District of Columbia, "Enhancing Educational and Economic Opportunity in the District of Columbia," before the United States Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Oversight of Government Management, and Federal Workforce, and the District of Columbia, Feb. 28, 2006, at <http://hsgac.senate.gov/index.cfm?Fuseaction=Hearings.Detail&HearingID=323>, visited June 27, 2006.



adjustments need to be made in the amounts appropriated to fund them during a nine-month fiscal year.

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